

Indicted Ex-C.I.A. Employee, Labeled by Prosecutors As a Major World Arms Dealer, Remains an Enigma

By ROBERT PEAR

Special to The New York Times

WASHINGTON, Jan. 10 — From the outside, the four-story town house at 2020 Connecticut Ave. N.W. looks like other buildings in the neighborhood, the Icelandic Embassy next door or the Maltese Chancery across the street, for example.

But the town house was the American base for Frank Edward Terpil, a former American intelligence officer recently indicted on weapons-possession charges and described by prosecutors as a major international arms merchant. The building is still owned by a company that appears to have close ties to Mr. Terpil.

Mr. Terpil's business and real estate activities provide a glimpse of his interests in the last three years, but they hardly clear up the mystery surrounding the man.

At his arraignment last month in New York, prosecutors said that Mr. Terpil had supplied arms to Libya and the Palestine Liberation Organization, trained terrorists in Libya, advised Idi Amin, the deposed Ugandan dictator, and sold at least \$3.2 million worth of weapons to the Amin government.

Arrested in New York

Mr. Terpil and George Gregory Korkala were arrested Dec. 22 in New York City after they allegedly tried to sell 10,000 machine guns to undercover detectives posing as Latin-American revolutionaries. Investigators in New York, Washington and Britain portrayed the men as operatives in an international gun-running organization that sold at least \$10 million worth of arms a year.

The two men were arraigned in State Supreme Court today in New York City on a superseding indictment charging them with conspiracy, criminal possession of weapons and other charges carrying a maximum penalty of 25 years in prison.

Mr. Korkala is free on \$100,000 bail. Mr. Terpil is expected to post his own \$100,000 tomorrow. The next court appearance for both men was scheduled for Jan. 31.

There is also a Federal grand jury in Washington investigating possible violations of the Foreign Agents Registration Act and the Munitions Control Act.

Sales Termed Legal

Attorneys for Mr. Terpil and Mr. Korkala have said that the arms-selling activities were perfectly legal. The lawyers contend that some of the arms sales were carried out in Britain, where laws are less restrictive.

The manufacture, sale and export of firearms are closely regulated by the Federal Government. It is illegal for a person to be in the business of selling guns without having a Government license. The Munitions Control Act requires a permit for the export of arms, and customs laws require that the contents of any weapons cargo be accurately described.

People who engage in gun running normally do not obtain the required licenses and permits because they do not want their transactions to be traced.

The Washington town house that served as Mr. Terpil's base was the headquarters for Oceanic International Corporation, an export-import marketing and sales concern, and for the Technology Transfer Group Inc., another small company. The charges against Mr. Terpil surprised his former colleagues here to varying degrees.

The president of Oceanic International, Michael L. Infante, said that the allegations about Mr. Terpil's gun-running exploits were "far-fetched and totally unbelievable." He said that "Terpil has an egotistical way of telling wild stories, and his boasting got him into trouble."

Those who worked with Mr. Terpil, who is 40 years old, remember him as a stocky man with a mustache who was always tinkering with radios and was given to seemingly exaggerated accounts of his adventures in Africa. "He would be away for four or five weeks, then all of a sudden would show up at the office and disappear again," a coworker recalled.

Goods for Uganda

Mr. Infante described Mr. Terpil as a "consultant and representative" who would send back business when, in his travels overseas, he learned that some foreign company, government or army needed boats, generators, fire engines or other products made in the United States. Mr. Infante said that Oceanic had provided uniforms and musical instruments, but not weapons, to Uganda.

W. Don Randol, who used to be the treasurer of Oceanic, said that Mr. Terpil's role in the business was "pretty dog-gone vague," although he apparently put up some of the money. "Oceanic was always a legitimate business," Mr. Randol said. "If Terpil did anything improper, he did it without the company's knowledge."

Mr. Randol said he left the business last August because he was mystified by Mr. Terpil's overseas activities and did not share in the profits that Mr. Terpil seemed to be reaping.

Laurel Ripley, who used to be vice president of Oceanic, said she "saw a lot of money floating around" the office but left "disillusioned" in October 1978, when the cash flow suddenly stopped. The office's financial problems were apparently related to the fact that Congress, in October 1978, imposed an embargo on exports to Uganda after finding "gross violations of human rights" under the Amin regime.

Tie to C.I.A. Reported

Miss Ripley said that she was "under the impression" that Mr. Terpil was reporting to the Central Intelligence Agency when in Uganda. Prosecutors in New York have said that Mr. Terpil was dismissed, or "terminated unfavorably," by the agency in 1971, after about six years as an employee.

Mr. Terpil's wife, Marillyn, was a hairdresser who told friends that she had been a make-up artist for the intelligence agency.

Mr. Terpil did advance the cause of law enforcement in one way. Through Technology Transfer, he helped provide local governments, schools and hospitals with "French boots" or "Denver boots," the devices used to immobilize illegally parked cars.

Technology Transfer, like Oceanic, was incorporated in 1977. Though there is no legal connection between the companies, there are a few persons who have responsibilities with both.

At least one employee of Oceanic testified here last summer before the Federal grand jury investigating the activities of Mr. Terpil and Mr. Korkala, who has been identified as the owner of Amstech Corporation, a security equipment company. Investigators who raided the offices of Amstech in Nutley, N.J., last month recovered bombs, booby traps and firearms, but Mr. Korkala's lawyers insisted that he had done legitimate work for Federal agencies.

Purchases by Secret Service

A spokesman for the Secret Service confirmed that the agency, which protects the President, had purchased a "radiation detection device" from Amstech. He added that the Secret Service had not bought guns from the company.

Land records here show that Mr. Terpil bought the house at 2020 Connecticut Ave. for \$210,000 on Aug. 31, 1977. Four months later the deed was re-recorded to say that the property had been "erroneously conveyed" to Mr. Terpil and that the owner should be listed as Capitol Investments Ltd., a Liberian corporation not further identified.

Mr. Terpil and his wife have been living in a new, Japanese-style house in McLean, Va., less than a mile from the headquarters of the C.I.A. The Terpils paid about \$260,000 for the house, plus \$20,000 for a swimming pool in the backyard, but Capital Investments of Virginia Inc., is listed as the legal owner of the property.

The relationship, if any, between the two similarly named companies could not be ascertained; neither is listed in the corporation or partnership records of Virginia or the District of Columbia, where they might be expected to appear.